

**HB-1033-HD-2**

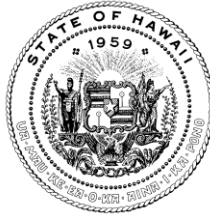
Submitted on: 2/23/2019 9:55:17 AM

Testimony for FIN on 2/26/2019 1:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ron Tubbs	Hawaii Tropical Fish Association	Oppose	No

## Comments:

Strongly opposed to HB 1033. Boat insurance can be expensive and impossible to get for many boaters. Going through websites to get uninsured cost me 1800 a year. By owning your own home you can more easily get insurance but it can take up to 60 days to get a policy and cost around 600 per year. The costs are too high, impacts of the average boater unreasonable or impossible to cover. It should be the boaters description if they are insured or not. Boaters education courses have reduced incidents.



STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

Testimony of  
SUZANNE D. CASE  
Chairperson

Before the House Committee on  
FINANCE

Tuesday, February 26, 2019  
1:30 P.M.  
State Capitol, Conference Room 308

In consideration of  
HOUSE BILL 1033, HOUSE DRAFT 2  
RELATING TO MANDATORY VESSEL INSURANCE COVERAGE

House Bill 1033, House Draft 2 proposes to: (1) Require owners of vessels that are required to register with the State, or that operate a U.S. Coast Guard documented vessel in state waters, to obtain vessel coverage; (2) Specify the types of insurance coverage required; (3) Exempt certain vessels from the mandatory insurance coverage requirement; and (4) Authorize the Chairperson of the Board of Land and Natural Resources to adopt administrative rules concerning mandatory vessel insurance. **The Department Land and Natural Resources (Department) strongly supports this Administration measure and recommends amendments.**

Most states, including Hawai'i, require vessel operators to maintain a minimum insurance coverage amount if mooring their boats in a state facility. In 2009, the Department began requiring mandatory insurance coverage as a condition of obtaining a mooring permit for state small boat harbors. Although the number of uninsured vessels has decreased as a result of this requirement, there are still a significant number of vessels that are not required to maintain insurance coverage because they do not hold a mooring permit for a state small boat harbor. Despite not being required to maintain insurance coverage, these vessels may still use launch ramps to access ocean waters and may still operate on waters of the State.

There are currently two other states that have enacted mandatory vessel insurance laws that apply to all recreational vessels being operated on the waters of those states: Arkansas and Utah. In Arkansas, all motorboats more than 50 horsepower and all thrill craft must be covered by a liability insurance policy providing at least \$50,000 of liability coverage. In Arkansas, it is illegal to operate a thrill craft without the required minimum insurance coverage. In Utah, all motorboats 50 horsepower and greater, except airboats, and all thrill craft are required to carry owner's or operator's liability insurance when operated on Utah waters. Utah's boat insurance

policy requires the following minimum coverage amounts: \$25,000 for bodily injury per person; \$50,000 for total bodily injury if multiple people are hurt in the accident; and \$15,000 for property damage. It is illegal to operate a thrill craft on Utah waters without the required minimum insurance coverage.

While Arkansas and Utah aim to mainly address insurance coverage for injuries and property damage, this measure will allow the Department to address injuries, property damage, and the equally important issue of removal costs for grounded and sunken vessels. An insurance policy providing hull removal coverage will ensure coverage in the event of a grounding or sinking, but lack of hull removal coverage results in costs being passed onto the State.

Since 2002, the Department has recorded 373 vessels, either grounded, sunk, or abandoned, that it would have been responsible for. Of those 373 vessels, the Department's Division of Boating and Ocean Recreation (DOBOR) removed 91 vessels and expended \$2,263,440.45 from the boating special fund to address the 91 vessels because the vessels were uninsured.

Requiring owners of all vessels operating in or on the waters of the State to obtain insurance would greatly reduce the resources that the Department must expend to remove a grounded or sunken vessel and ensure the owner's insurance company would pay for the removal. Also, the insurance required by this measure would cover incidents that may occur when utilizing a launch ramp or other state facility. The Department consulted with insurance providers and determined that the average price of insurance coverage that would comply with the requirements of this measure is about \$1,000 annually.

After consultation with the Department of Accounting and General Services, Risk Management Office, the Department recommends the words "combined single" be removed from SECTION 2(b). Additionally, in response to questions and comments received, the Department recommends that the mandatory vessel insurance minimum be set at \$100,000, that the measure allow for a person to obtain an alternative insurance acceptable to the department, and that the mandatory vessel insurance requirement only apply to vessels greater than 18 feet in length. The Department recommends amending SECTION 2 to read as follows:

SECTION 2. Chapter 200, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§200- Vessel insurance. (a) All owners of vessels originally manufactured at a length greater than eighteen feet, who operate their vessel in and on state ocean waters shall obtain marine insurance coverage if:

(1) The vessel is required to be registered pursuant to section 200-31(a); or

(2) The vessel is being operated in or on state ocean waters with a valid documentation number from the United States Coast Guard.

(b) Marine insurance coverage required by this section shall have a limit of not less than \$100,000 per occurrence, in such a form and content as to ensure that removal and salvage of a grounded vessel are covered. A vessel owner may provide an alternative proof of insurance, acceptable to the department, to comply with this section.

(c) A transient vessel, except when moored in state small boat harbors, offshore mooring areas, or other facilities under the jurisdiction of the department, shall be exempt from the marine insurance coverage requirement of this section for no more than ten business days after arriving in state ocean waters. "Transient vessel" means any vessel visiting the State for a period of less than ninety days.

(d) The department may adopt rules to carry out the purpose of this section."

Thank you for the opportunity to testify on this measure.

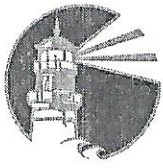
**HB-1033-HD-2**

Submitted on: 2/24/2019 9:10:14 PM

Testimony for FIN on 2/26/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Darlene Ewan	Aloha State Association of the Deaf	Support	No

Comments:



# Ocean Tourism Coalition

*The Voice for Hawaii's Ocean Tourism Industry*  
1188 Bishop St., Ste. 1003\*\*Honolulu, HI 96813-2938  
(808) 537-4308 Phone (808) 533-2739 Fax  
[timlyons@hawaiiantel.net](mailto:timlyons@hawaiiantel.net)

## COMMITTEE ON FINANCE

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Rep. Scot Z. Matayoshi	

## NOTICE OF HEARING

DATE: Tuesday, February 26, 2019  
TIME: 1:30 P.M.  
PLACE: Conference Room 308

### **TESTIMONY OF THE OCEAN TOURISM COALITION IN SUPPORT OF HB1033HD1 RELATING TO MANDATORY VESSEL INSURANCE COVERAGE**

Aloha Chair Luke, Vice Chair Cullen, and Members of FIN Committee:

My name is James E. Coon, President of the Ocean Tourism Coalition (OTC),  
**speaking in SUPPORT to HB 1033HD1 Relating to Mandatory Vessel Insurance  
Coverage.**

The OTC represents over 300 small ocean tourism businesses state wide. Most of these are family businesses which are locally owned and operated. All of them operate from State Boating Facilities managed by DLNR/DOBOR. They also carry at least \$1,000,000 insurance with DLNR listed as additionally insured.

In light of the continual expense of removing vessels that run aground from various reefs around the State caused by uninsured vessels and that these monies come directly out of the DOBOR Boating Fund which impacts DOBOR's ability to manage and maintain State Boating Facilities, it seems very reasonable to expect any owner of a vessel to be used on State Waters be insured.

We support the intent of HB1033, HD1.

Sincerely,

James E. Coon, President OTC

**HB-1033-HD-2**

Submitted on: 2/25/2019 7:35:52 AM

Testimony for FIN on 2/26/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Zachary LaPrade	Calypso Charters	Support	No

Comments:

**HB-1033-HD-2**

Submitted on: 2/25/2019 7:06:41 AM

Testimony for FIN on 2/26/2019 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Penny Lane	Individual	Oppose	No

Comments:

Please oppose HB 1033

As a boat owner, it is virtually impossible to get insurance on older boats. Most people in Hawaii own old boats. Try going through the insurance process and see how hard it is to get insurance before mandating this.

Oppose HB 1033



**HB-1033-HD-2**

Submitted on: 2/25/2019 7:19:35 AM

Testimony for FIN on 2/26/2019 1:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Eric Michael	Individual	Oppose	No

Comments:

Oppose HB 1033

Go try get boat insurance on older vessell. No can.

Change insurance rules, dont make it so fisherman are breaking the law.

Oppose HB 1033